

Case Study:

Lilly Deutschland

Highlights

- More accurate forecasts of personnel-related costs
- The ability to easily and quickly update forecasts following organisational changes
- Salary surveys processed 50% more quickly
- Contractor costs accounted alongside employee costs
- Flexible and timely reports for finance department, business managers and parent company
- Strong support from Software4You

Saving time and improving forecast accuracy

With 40,000 global employees, the pharmaceutical company Lilly knows a thing or two about personnel management. The organisation was founded in 1876 and is one of the largest developers and manufacturers of medicines in the world.

Its German subsidiary Lilly Deutschland needed to gain tighter control over complex and variable personnel costs. It implemented 4Plan HR from Software4You and soon found it much easier to create and maintain accurate cost forecasts. Through its use of the solution, Lilly Deutschland has also reduced the time required to complete salary surveys by 50%.

Challenges

Like all subsidiaries of large organisations, Lilly Deutschland needs to be able to provide its parent company with detailed information about personnel costs and create accurate forecasts for future personnel-related expenditure. This includes not just salaries, but also costs relating to overtime payments, variable pay and benefits.

Lilly Deutschland had been using a stand-alone payroll package for several years. However, while this solution was ideal for processing salaries, it did not provide all the capabilities that the company needed for forward planning. "It was not really the right tool for forecasting," explains Peter Schultz, Senior Compensation and Benefits Analyst at Lilly Deutschland. "The product was very inflexible and we found it very time-consuming to make our plans."

At the time, the business was going through a series of organisational changes. Often employees would transition from local positions to regional or global positions, for example. Consequently, the HR team needed to constantly revise its personnel-related cost forecasts.

"The changes were coming more and more rapidly, and we couldn't make the planning adjustments fast enough," explains Schultz. "As a result, the business often had to live with old plans that were up to six months old."

Because the company couldn't update its plans as often as necessary, its actual personnel-related costs tended to vary quite considerably from planned costs. "We had to spend quite a lot of time on cost analysis and have lots of discussions with the finance department!" recalls Schultz.

Solution

Lilly Deutschland decided to acquire a software package that would help it improve the accuracy and timeliness of its personnel-related cost forecasts. After considering the needs of the business and users, it drew up four key criteria for the new solution. Firstly, it wanted a product that was capable of accepting data from any package. Secondly, it wanted a solution that could be adapted flexibly to accommodate business change. Thirdly, it needed a solution that was easy to use and, finally, it wanted to be able to generate a broad range of analysis reports.

“We now have planning data and actual data in one system. This helps us to monitor our personnel-related expenditure much more closely.”

Peter Schultz,
 Senior Compensation
 And Benefits Analyst,
 Lilly Deutschland

The company entered into discussions with a number of different vendors and then discovered Software4You. “Quite quickly, it became clear that this company offered the best solution for us,” recalls Schultz.

“Software4You’s employees were very competent when describing their system and what it could do for us. We didn’t want to spend a fortune on the system, and 4Plan HR came at the right price.”

4Plan HR is a software package that has been specially developed by Software4You to help companies manage all personnel-related costs. It allows HR managers to easily monitor very detailed and complex statistics, analyse cost variances and present information in clear reports. The implementation of 4Plan HR at Lilly Deutschland went very smoothly, and the company found it easy to import data into the solution from its existing payroll package.

Two years after purchasing 4Plan HR, Lilly Deutschland replaced its existing payroll package with SAP, in line with the organisation’s global rollout of SAP software. This change did not impede the company’s use of 4Plan HR, and Lilly Deutschland now exports payroll data from SAP’s HR module directly into 4Plan HR.

Benefits

Lilly Deutschland uses 4Plan HR at least three times a year for planning and re-planning all its personnel-related costs, including benefits such as company car expenses. The HR team can look into cost centres and see where variations between forecasts and actual costs come from. “We have planning data and actual data in one system,” says Schultz. “This helps us to monitor our personnel-related expenditure much more closely.”

The company uses a growing number of contractors. Previously, these individuals could not be easily included in Lilly’s personnel cost plans, because they were not paid by Lilly and therefore did not appear in the company’s payroll system. Now, the all of the personnel-related costs for both contractors and employees can be managed in the same system.

Lilly Deutschland also uses 4Plan HR to complete up to eight complex salary and benefits surveys during the course of each year. “In the past, I didn’t have the right tool for this,” explains Schultz. “I was able to expand the data fields in 4Plan HR to give me all of the information I needed. Now, surveys can be handled more easily, and we have reduced the time required for surveys by around 50%.”

Using 4Plan HR, the HR team is able to provide ad hoc information and reports to managers about the employees they are responsible for. Equally, the team can provide reports to the finance team about the costs associated with certain employee groups, or confirm the full cost of an individual, including salary, benefits and social security. “We can provide information very promptly now,” says Schultz.

Lilly Deutschland has been using 4Plan HR for over five years. During this period, it has called upon the support of Software4You from time to time to help it update the structure of reports to reflect changes in organisation. “I really appreciate their support,” says Schultz. “There is always someone who can answer my questions.”

He concludes: “I would definitely recommend Software4You to any company with the same challenges we faced of forecasting personnel costs accurately and quickly during times of organisational change”